



DEPARTMENT OF ENERGY

Western Area Power Administration

Desert Southwest Region Ancillary Services - Rate Order No. WAPA-208

AGENCY: Western Area Power Administration, DOE.

ACTION: Notice of rate order concerning formula rates for Energy Imbalance Market services.

SUMMARY: New formula rates for Energy Imbalance Market (EIM) Administrative Service, Energy Imbalance (EI) Service, and Generator Imbalance (GI) Service for the Western Area Lower Colorado (WALC) Balancing Authority (BA) have been confirmed, approved, and placed into effect on an interim basis. The new formula rates are necessary for the WALC BA's participation in the California Independent System Operator's (CAISO) EIM.

DATES: The provisional formula rates under Rate Schedules DSW-EIM1T, DSW-EIM4T, and DSW-EIM9T are effective on April 5, 2023, and will remain in effect through September 30, 2026, pending confirmation and approval by the Federal Energy Regulatory Commission (FERC) on a final basis or until superseded.

FOR FURTHER INFORMATION CONTACT: Jack D. Murray, Regional Manager, Desert Southwest Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, or Tina Ramsey, Rates Manager, Desert Southwest Region, Western Area Power Administration, (602)-605-2565, or email: dswpwrmrk@wapa.gov.

SUPPLEMENTARY INFORMATION: On October 25, 2022, as part of Rate Order WAPA-175, FERC approved and confirmed on a final basis the following rate schedules for ancillary services applicable to the WALC BA through September 30, 2026: Rate Schedules DSW-SD4 (Scheduling, System Control, and Dispatch), DSW-RS4 (Reactive Supply and Voltage Control), DSW-FR4 (Regulation and Frequency Response),

DSW-EI4 (Energy Imbalance), DSW-SPR4 (Spinning Reserves), DSW-SUR4 (Supplemental Reserves), and DSW-GI2 (Generator Imbalance).¹

On September 15, 2021, WAPA and CAISO executed an Implementation Agreement to facilitate the WALC BA's participation in CAISO's real-time energy market effective April 5, 2023.² WAPA's decision to participate in CAISO's EIM was the result of nearly two years of analysis and collaboration with customers and stakeholders on the best path forward to manage the real-time mismatches between supply and demand within the WALC BA. To accommodate the WALC BA's participation in EIM and maintain revenue neutrality, new formula rates are required to pass through the financial settlements, administrative costs, and transaction fees incurred by the WALC BA.

On January 9, 2023, WAPA's Desert Southwest Region (DSW) published a *Federal Register* notice (88 FR 1220) that proposed three new formula rates for EIM: EIM Administrative Service, EIM EI Service, and EIM GI Service and initiated a 30-day public consultation and comment period.

Legal Authority

By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the WAPA Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to FERC. By Delegation Order No. S1--DEL-S3-2022-2, effective June 13, 2022, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By

¹ Order Confirming and Approving Rate Schedules on a Final Basis, Docket No. EF21-6-000 (Oct. 25, 2022).

² FERC accepted the Implementation Agreement effective November 28, 2021, pursuant to a November 17, 2021, letter order in Docket No. ER21-2950. CAISO and WAPA subsequently executed, and CAISO filed with FERC, several participation agreements governing the WALC BA's participation in EIM. FERC accepted the participation agreements effective November 2, 2022, pursuant to an October 21, 2022 letter order in Docket No. ER22-2786.

Redelegation Order No. S3-DEL-WAPA1-2022, effective June 13, 2022, the Under Secretary for Infrastructure further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator. This rate action is issued under Redelegation Order No. S3-DEL-WAPA1-2022 and Department of Energy procedures for public participation in rate adjustments set forth at 10 CFR part 903.³

Following a review of its proposal, DSW's formula rates for EIM Administrative Service, EI Service, and GI Service are hereby confirmed, approved, and placed into effect on an interim basis. WAPA will submit Rate Order No. WAPA-208 to FERC for confirmation and approval on a final basis.

³ 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

**DEPARTMENT OF ENERGY
ADMINISTRATOR, WESTERN AREA POWER ADMINISTRATION**

In the matter of:)	
Western Area Power Administration)	
Desert Southwest Region)	Rate Order No. WAPA-208
Ancillary Services)	
New Formula Rates)	

**ORDER CONFIRMING, APPROVING, AND PLACING FORMULA RATES
FOR ENERGY IMBALANCE MARKET SERVICES INTO EFFECT ON
AN INTERIM BASIS**

The formula rates in Rate Order No. WAPA-208 are established following section 302 of the Department of Energy (DOE) Organization Act (42 U.S.C. 7152).⁴

By Delegation Order No. S1-DEL-RATES-2016, effective November 19, 2016, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to the Western Area Power Administration (WAPA) Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, or to remand or disapprove such rates, to the Federal Energy Regulatory Commission (FERC). By Delegation Order No. S1-DEL-S3-2022-2, effective June 13, 2022, the Secretary of Energy also delegated the authority to confirm, approve, and place such rates into effect on an interim basis to the Under Secretary for Infrastructure. By Redelegation Order No. S3-DEL-WAPA1-2022, effective June 13, 2022, the Under Secretary for Infrastructure further redelegated the authority to confirm, approve, and place such rates into effect on an interim basis to WAPA's Administrator. This rate action is issued under Redelegation Order No. S3-DEL-WAPA1-2022 and DOE procedures for public participation in rate adjustments set forth at 10 CFR part 903.⁵

⁴ This Act transferred to, and vested in, the Secretary of Energy the power marketing functions of the Secretary of the Department of the Interior and the Bureau of Reclamation (Reclamation) under the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)) and other acts that specifically apply to the projects involved.

⁵ 50 FR 37835 (Sept. 18, 1985) and 84 FR 5347 (Feb. 21, 2019).

Acronyms, Terms, and Definitions

As used in this Rate Order, the following acronyms, terms, and definitions apply:

<u>BA:</u>	Balancing Authority. As defined in WAPA's Tariff, the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a BAA, and supports interconnection frequency in real time.
<u>BAA:</u>	Balancing Authority Area. As defined in WAPA's Tariff, the term Balancing Authority Area shall have the same meaning as "Control Area."
<u>CAISO:</u>	California Independent System Operator Corporation. As defined in WAPA's Tariff, a state-chartered, California non-profit public benefit corporation that operates the transmission facilities of all CAISO participating transmission owners and dispatches certain generating units and loads. The CAISO is the market operator for the EIM.
<u>NEPA:</u>	National Environmental Policy Act of 1969, as amended.
<u>Tariff:</u>	Open Access Transmission Tariff, including all schedules or attachments thereto, as amended from time to time and approved by FERC.
<u>OASIS:</u>	Open Access Same-Time Information System. As defined in WAPA's Tariff, the information system and standards of conduct contained in Part 37 of FERC's regulations and all additional requirements implemented by subsequent FERC orders dealing with OASIS.
<u>Provisional Formula Rates:</u>	Formula rates that are confirmed, approved, and placed into effect on an interim basis by the Secretary or his/her designee.

Effective Date

The provisional formula rates under Rate Schedules DSW-EIM1T, DSW-EIM4T, and DSW-EIM9T will take effect on April 5, 2023, and remain in effect through September 30, 2026, pending approval by FERC on a final basis or until superseded.

Public Notice and Comment

WAPA's Desert Southwest Region (DSW) followed the Procedures for Public

Participation in Power and Transmission Rate Adjustments and Extensions, 10 CFR part 903, in developing these formula rates. DSW took the following steps to involve interested parties in the rate process:

1. On January 9, 2023, a *Federal Register* notice (88 FR 1220) announced the proposed formula rates and initiated a 30-day public consultation and comment period.
2. On January 10, 2023, DSW notified customers and interested parties of the proposed formula rates and provided a copy of the *Federal Register* notice by e-mail.
3. DSW established a website to post information about the rate adjustment process. The website is located at www.wapa.gov/regions/DSW/Pages/DSW-EIM.aspx.
4. During the 30-day consultation and comment period, which ended on February 8, 2023, DSW received no comments.

Ancillary Services Rate Discussion

In accordance with WAPA's Tariff and to maintain the reliability of transmission service, DSW currently provides the following ancillary services: (1) Scheduling, System Control and Dispatch (Rate Schedule DSW-SD4); (2) Reactive Supply and Voltage Control (Rate Schedule DSW-RS4); (3) Regulation and Frequency Response (Rate Schedule DSW-FR4); (4) Energy Imbalance (Rate Schedule DSW-EI4); (5) Spinning Reserve (Rate Schedule DSW-SPR4); (6) Supplemental Reserves (Rate Schedule DSW-SUR4); and (7) Generator Imbalance (Rate Schedule DSW-GI2). The formula rates for these services are designed to recover the costs incurred for providing each of the services.

To accommodate the WALC BA's participation in the CAISO EIM, DSW has added the following ancillary services: (1) EIM Administrative Service (provisional Rate Schedule DSW-EIM1T), (2) EIM EI Service (provisional Rate Schedule DSW-EIM4T), and (3) EIM GI Service (provisional Rate Schedule DSW-EIM9T). The formula rates for these services are designed to pass through the costs resulting from the WALC BA's

participation in the CAISO EIM.

EIM Administrative Service

The CAISO assesses administrative service charges and transaction fees to recover the costs associated with operating the EIM and providing services to participants. Rate Schedule DSW-EIM1T facilitates the pass through of CAISO EIM administrative service charges and transaction fees to DSW transmission customers and ensures the WALC BA remains revenue neutral. This rate schedule aligns with WAPA's Tariff and applies when the WALC BA participates in the CAISO EIM and when the EIM has not been suspended. The services provided under Rate Schedule DSW-SD4 continue to apply and the costs are included in the applicable transmission service rates. For clarity, when the WALC BA is participating in CAISO EIM, both Rate Schedules DSW-SD4 and DSW-EIM1T will apply.

Transmission customers will be billed for their share of EIM Administrative Service charges allocated to the WALC BA for its participation in the CAISO EIM in accordance with DSW's EIM business practice posted on its OASIS at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

EIM Energy Imbalance Service

EI service is provided when a difference occurs between the scheduled and actual delivery of energy to a load within the WALC BAA. DSW's existing rate schedule for EI Service, DSW-EI4, does not address EIM participation or settlements.

Rate Schedule DSW-EIM4T facilitates the pass through of any financial settlements for EI Service from the CAISO EIM to DSW transmission customers and ensures the WALC BA remains revenue neutral. This rate schedule aligns with WAPA's Tariff and applies to EI Service when the WALC BA participates in the CAISO EIM and when the

EIM has not been suspended. Rate Schedule DSW-EI4 applies when the WALC BA is not participating in EIM or when the EIM has been suspended.

Transmission customers will be billed for their share of EIM EI Service charges incurred by the WALC BA for its participation in the CAISO EIM in accordance with the settlement methods in DSW's EIM business practice posted on its OASIS at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

EIM Generator Imbalance Service

GI service is provided when a difference occurs between the output of a generator located in the WALC BAA, and the delivery schedule from that generator to (1) another BAA or (2) a load within the WALC BAA. The EIM requires all participating resources to settle directly with the CAISO. Non-participating resources need to settle with the WALC BA, the EIM entity. DSW's existing rate schedule for GI Service, DSW-GI2, does not address EIM participation or make a distinction between participating and non-participating resources.

Rate Schedule DSW-EIM9T facilitates the pass through of any financial settlements for GI service from the CAISO EIM to DSW transmission customers and ensures the WALC BA remains revenue neutral. This rate schedule aligns with WAPA's Tariff and applies to GI service when the WALC BA participates in the CAISO EIM and when the EIM has not been suspended. Rate Schedule DSW-GI2 applies when the WALC BA is not participating in EIM or when the EIM has been suspended.

Transmission customers will be billed for their share of EIM GI Service charges incurred by the WALC BA for its participation in the CAISO EIM in accordance with the settlement methods in DSW's EIM business practice posted on its OASIS at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require

changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

Comments

DSW received no comments during the public consultation and comment period.

Certification of Rates

I have certified that the provisional formula rates under Rate Schedules DSW-EIM1T, DSW-EIM4T, and DSW-EIM9T are the lowest possible rates, consistent with sound business principles. The provisional formula rates were developed following administrative policies and applicable laws.

Availability of Information

Information used by DSW to develop the provisional formula rates is available for inspection and copying at the Desert Southwest Regional Office, 615 South 43rd Avenue, Phoenix, Arizona. Many of these documents are also available on WAPA's website at www.wapa.gov/regions/DSW/Pages/DSW-EIM.aspx.

RATEMAKING PROCEDURE REQUIREMENTS

Environmental Compliance

WAPA determined that this action fits within the following categorical exclusion listed in appendix B to subpart D of 10 CFR 1021.410: B4.3 (Electric power marketing rate changes). Categorically excluded projects and activities do not require preparation of either an environmental impact statement or an environmental assessment.⁶ A copy of the categorical exclusion determination is available on WAPA's website at www.wapa.gov/regions/DSW/Environment/Pages/environment.aspx.

Determination Under Executive Order 12866

WAPA has an exemption from centralized regulatory review under Executive

⁶ The determination was done in compliance with NEPA (42 U.S.C. 4321-4347); the Council on Environmental Quality Regulations for implementing NEPA (40 CFR parts 1500-1508); and DOE NEPA Implementing Procedures and Guidelines (10 CFR part 1021).

Order 12866; accordingly, no clearance of this notice by the Office of Management and Budget is required.

Submission to the Federal Energy Regulatory Commission

The provisional formula rates herein confirmed, approved, and placed into effect on an interim basis, together with supporting documents, will be submitted to FERC for confirmation and final approval.

ORDER

In view of the above, and under the authority delegated to me, I hereby confirm, approve, and place into effect, on an interim basis, Rate Order No. WAPA-208. The formula rates will remain in effect on an interim basis until: (1) FERC confirms and approves them on a final basis; (2) subsequent formula rates are confirmed and approved; or (3) such formula rates are superseded.

Signing Authority

This document of the Department of Energy was signed on March 1, 2023, by Tracey A. LeBeau, Administrator, Western Area Power Administration, pursuant to delegated authority from the Secretary of Energy. That document, with the original signature and date, is maintained by DOE. For administrative purposes only, and in compliance with Office of the Federal Register requirements, the undersigned DOE Federal Register Liaison Officer has been authorized to sign and submit the document in electronic format for publication, as an official document of the Department of Energy. This administrative process in no way alters the legal effect of this document upon publication in the *Federal Register*.

Signed in Washington, DC, on March 9, 2023.

Treena V. Garrett,
Federal Register Liaison Officer,
U.S. Department of Energy.

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION
Western Area Lower Colorado Balancing Authority**

**ENERGY IMBALANCE MARKET–ADMINISTRATIVE SERVICE
(Approved Under Rate Order No. WAPA-208)**

Effective:

Beginning on April 5, 2023, and extending through September 30, 2026, or until superseded by another rate schedule, whichever occurs earlier.

Applicable:

This rate schedule applies to Administrative Service when the Western Area Lower Colorado (WALC) Balancing Authority (BA) participates in the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM) and when the EIM has not been suspended. Rate Schedule DSW-SD4 for Scheduling, System Control and Dispatch Service, or its superseding rate schedule will continue to apply. Both DSW-EIM1T and DSW-SD4 shall apply when the WALC BA participates in the EIM.

The CAISO assesses charges and fees to cover the costs associated with operating the EIM and providing various services to participants. The charges and fees associated with the WALC BA's participation in the EIM will be passed through to ensure the WALC BA remains revenue neutral.

Formula Rate:

Charges for Administrative Service shall reflect the pass through of applicable costs associated with the WALC BA's participation in the EIM that are assessed by the CAISO to the WALC BA. Costs shall be identified by a CAISO charge code and passed through to transmission customers using the settlement methods detailed in Desert Southwest

Region's (DSW) EIM business practice posted on its Open Access Same-time Information System (OASIS) at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

Charge Components:

Administrative Service charges typically include one or more of the following items:

<i>Component</i>	<i>Description</i>
EIM Transaction	CAISO charge assessed to entities for EIM participation.
Scheduling Coordinator	CAISO charge assessed to Scheduling Coordinators that have any settlement activity during the relevant trading month.
Forecasting Service	CAISO fee to forecast the output of Variable Energy Resources that are external to the CAISO BA Area.

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION
Western Area Lower Colorado Balancing Authority**

**ENERGY IMBALANCE MARKET–ENERGY IMBALANCE SERVICE
(Approved Under Rate Order No. WAPA-208)**

Effective:

Beginning on April 5, 2023, and extending through September 30, 2026, or until superseded by another rate schedule, whichever occurs earlier.

Applicable:

This rate schedule applies to Energy Imbalance (EI) Service when the Western Area Lower Colorado (WALC) Balancing Authority (BA) participates in the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM) and when the EIM has not been suspended. Rate Schedule DSW-EI4 or its superseding rate schedule would apply when the WALC BA is not participating or when the EIM has been suspended.

The CAISO EIM provides energy to the WALC BA when there is a difference between the scheduled and actual delivery of energy to a load within the WALC BA Area. These differences (energy imbalances) result in financial settlements between the CAISO and the WALC BA. Any financial settlements for energy imbalances associated with the WALC BA's participation in the EIM will be passed through to ensure the WALC BA remains revenue neutral.

Formula Rate:

Charges for EI Service shall reflect the pass through of all applicable costs associated with the WALC BA's participation in the EIM that are assessed by the CAISO to the WALC BA. Costs shall be identified by a CAISO charge code and passed through to

transmission customers using the settlement methods detailed in Desert Southwest Region's (DSW) EIM business practice posted on its Open Access Same-time Information System (OASIS) at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

Charge Components:

Charges for EI Service will typically include one or more of the following items:

<i>Components</i>	<i>Description</i>
Instructed Imbalance Energy	Operational adjustment of transmission customer's affected interchange or intrachange, including certain changes made to an E-Tag.
Uninstructed Imbalance Energy	Differences between a transmission customer's metered load and base schedule derived from interchange and intrachange forecast data (E-Tags).
Unaccounted for Energy	Differences between WALC BA generation (generators, non-generator resources, and imports) and demand (from loads and exports) adjusted for transmission losses.
Under/Over-Scheduling Load	The under-scheduling and over-scheduling of transmission that contributes to energy imbalances.
Uplifts or Offsets	Imbalance energy for each settlement interval for each resource within the EIM area and all system resources dispatched in real time.
Bid Cost Recovery	Bid costs for eligible resources (real-time energy) that were scheduled or dispatched by the CAISO for the EIM.
Flexible Ramping	Sufficient ramping capability to meet the forecasted net load and cover upward and downward forecast error uncertainty.

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**DESERT SOUTHWEST REGION
Western Area Lower Colorado Balancing Authority**

**ENERGY IMBALANCE MARKET–GENERATOR IMBALANCE SERVICE
(Approved Under Rate Order No. WAPA-208)**

Effective:

Beginning on April 5, 2023, and extending through September 30, 2026, or until superseded by another rate schedule, whichever occurs earlier.

Applicable:

This rate schedule applies to Generator Imbalance (GI) Service when the Western Area Lower Colorado (WALC) Balancing Authority (BA) participates in the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM) and when the EIM has not been suspended. Rate Schedule DSW-GI4 or its superseding rate schedule would apply when the WALC BA is not participating or when the EIM has been suspended.

The CAISO EIM provides energy to the WALC BA when there is a difference between the scheduled and actual delivery of energy from a non-participating resource within the WALC BA Area. These differences (generator imbalances) result in financial settlements between the CAISO and the WALC BA. Any financial settlements for generator imbalances associated with the WALC BA's participation in the EIM will be passed through to ensure the WALC BA remains revenue neutral.

Formula Rate:

Charges for GI Service shall reflect the pass through of all applicable costs associated with the WALC BA's participation in the EIM that are assessed by the CAISO to the WALC BA. Costs shall be identified by a CAISO charge code and passed through to

transmission customers using the settlement methods detailed in Desert Southwest Region's (DSW) EIM business practice posted on its Open Access Same-time Information System (OASIS) at www.oasis.oati.com/walc/index.html. Revisions to the CAISO's Tariff may require changes to DSW's EIM business practice, which would be processed consistent with section 4.3 of WAPA's Tariff.

Charge Components:

Charges for GI Service will typically include one or more of the following items:

<i>Component</i>	<i>Description</i>
Instructed Imbalance Energy	Resource imbalances created by a manual dispatch, EIM available balancing capacity dispatch, or adjustments to resource forecasts pursuant to provisions of the CAISO's Tariff.
Uninstructed Imbalance Energy	Differences between a customer's metered generation and base schedule derived from the resource forecast data submitted through the CAISO's Base Schedule Aggregation Portal.
Unaccounted for Energy	Differences between WALC BA generation (generators, non-generator resources, and imports) and demand (loads and exports) adjusted for losses.
Under/Over-Scheduling	The under-scheduling and over-scheduling of resources that contributes to generator imbalances.
Uplifts or Offsets	Imbalance energy for each settlement interval for each resource within the EIM area and all system resources dispatched in real time.
Bid Cost Recovery	Bid costs for eligible resources (real-time energy) that were scheduled or dispatched by the CAISO for the EIM.
Flexible Ramping	Sufficient ramping capability to meet the forecasted net load and cover upward and downward forecast error uncertainty.